

# REPORT TO FINANCE COMMITTEE

## COUNCIL INSURANCE RENEWAL

**Report Reference** F-20-05  
**Meeting Date** 27<sup>th</sup> April 2020  
**Agenda Item** 8  
**Prepared by** Town Clerk

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### 1.0 BACKGROUND

The Town Council has both statutory and risk management requirements to hold a suite of insurances. The council's insurance provider was last reviewed in 2016 when the council entered into a five-year agreement with Zurich insurance; this agreement ends in May 2021.

The council continually reviews its insurance provision and adjustments are made as necessary throughout any term. This report relates to the council's core insurances and additional to this the council procures specialist event cancellation insurance and vehicle insurance.

The Town Clerk has reviewed the council's insurance requirements and contacted the four sector insurance providers for proposals: Zurich, BHIB, WPS and Came and Company. Came and Company declined to submit a quotation as they felt they could not be competitive. BHIB, WPS and Came and Company are brokers representing a range of individual insurers.

### 2.0 OVERVIEW

#### 2.1 CORE INSURANCE COVER

Providers were asked to submit a price for the following insurances:

1. Buildings – cover provided at reinstatement values from last building surveys uplifted where appropriate.
2. Business Interruption – cover for loss of income for the public toilets, market hall, chapel and commercial spaces in public toilets for a 24 month period in the event of an insured event.
3. Contents – all risks cover for the council's assets. Includes the war memorial and obelisk, benches, planters, noticeboards, computers etc.
4. Money – covers loss of money
5. Public Liability – covers sums that the council may be liable for including damages and costs for e.g. accidental damage to property and injury
6. Hirers' Liability – provides public liability insurance to hirers of council assets (e.g. in the chapel) and provides cover to the council for any accidental damage they may do.
7. Employers Liability – statutory insurance for liability for any injury caused to employees during employment and at the council's request it extends to members and volunteers.
8. Libel and Slander – covers liability for costs incurred in defending claims/damages for libel and slander.
9. Fidelity Guarantee – covers loss of money due to fraud
10. Personal Accident – provides a payment in the event of employees suffering an accident or

assault during work on a scale based on impact (e.g. loss of a tooth to death), provides a similar cover for volunteers and members.

11. Legal Expenses – covers costs in defending (and compensation awards) in a range of instances e.g. criminal/civil prosecution, property damage, trespass, contract disputes.

The table below outlines the annual cost of insurance quoted by each provider (including insurance premium tax). In all cases the level of cover was comparable.

Insurer	1 year agreement	3 year agreement	5 year agreement
Zurich	6,783	6,469	6,157
Aviva (BHIB)	7,327	6,968	
Military Mutual (WPS)		7,302	

The council has been insured with Zurich for a long time and they continue to be the most economic provider. Zurich have offered good service with a named contact providing advice swiftly when required. Zurich do not charge a fee to make amendments to the policy throughout the term and have often waived minor increases until the following year.

To secure long term favourable rates, it is recommended the council again enters into a five-year agreement with Zurich. The precise costs will vary each year based on any changes to cover (e.g. annual uplift in building reinstatement valuation, addition of assets) and insurance premium tax.

By comparison the 2020/21 insurance cost was £9,068.

## 2.2 ADDITIONAL INSURANCE OPTIONS

The Town Clerk asked insurance providers to advise on any covers the council does not presently have that it may wish to consider. Zurich provided the greatest level of advice and options.

### 2.2.1 Additional Expenses Insurance

Provides cover for a period of time based on the building the council operates from having an insured claim meaning the council cannot operate out of it e.g. in the event of a fire at the council offices. The insurance would cover costs associated with temporary relocation e.g. rent and fitting out of a temporary office.

Cover of £50,000 per annum over two years would be £58.06 per year (based on a five-year agreement)

### 2.2.2 Terrorism Cover

The building insurance cover excludes damage or destruction as a result of terrorism. This additional cover would provide this cover in the event of a declared terrorist activity.

Cover for the council's buildings would be £622.72 per year (no discount)

### 2.2.3 Subsidence

The building insurance cover excludes subsidence. The cost to include this would be £177.48 per year (based on five-year agreement).

#### 2.2.4 Key Person Cover

This would effectively extend the Personal Accident insurance to provide payment in the event of accident/assault to an employee outside of work. If the incident occurred during work the council could receive a payment under both policies. It provides cover where one is prevented from engaging in their usual occupation for more than 14 days.

For example, if a member of staff broke their leg and were unable to work the council could claim £500 per week for 10 weeks and £100 per week thereafter (up to one year). It has notable exceptions for risky activity e.g. being intoxicated, caving, skiing, parachuting etc.

The cost to include this insurance for all staff would be £108.86 per year (based on five-year agreement). The council can also apply this to specific staff only.

### **3.0 RECOMMENDATION**

It is recommended that:

- a) The committee enters into a five-year agreement with Zurich
- b) The committee considers the inclusion of additional expense and key person insurance into the core policy
- c) The committee determines whether any of the other additional insurances are required